

2009 Annual Report

Challenge

The Golf Division stimulus package is beginning to work. For 2008, the Golf Division required \$332,525 of tax dollars to balance our operations budget. For 2009, the golf operations budget was still in the red losing \$208,620. Our #1 job in 2010 is balancing the expense to revenue budget and eliminating tax support.

Our mission statement continues to be: **“Provide affordable golf for the community of Rochester.”**

Hadley Creek Golf Learning Center opened in May 2009. The golf practice area was heavily used but the golf course was under utilized. Our promotion, giving all city golf members a free round of golf at Hadley Creek fell on deaf ears. Potentially over 2000 free rounds of golf were offered and only 200 accepted the opportunity.

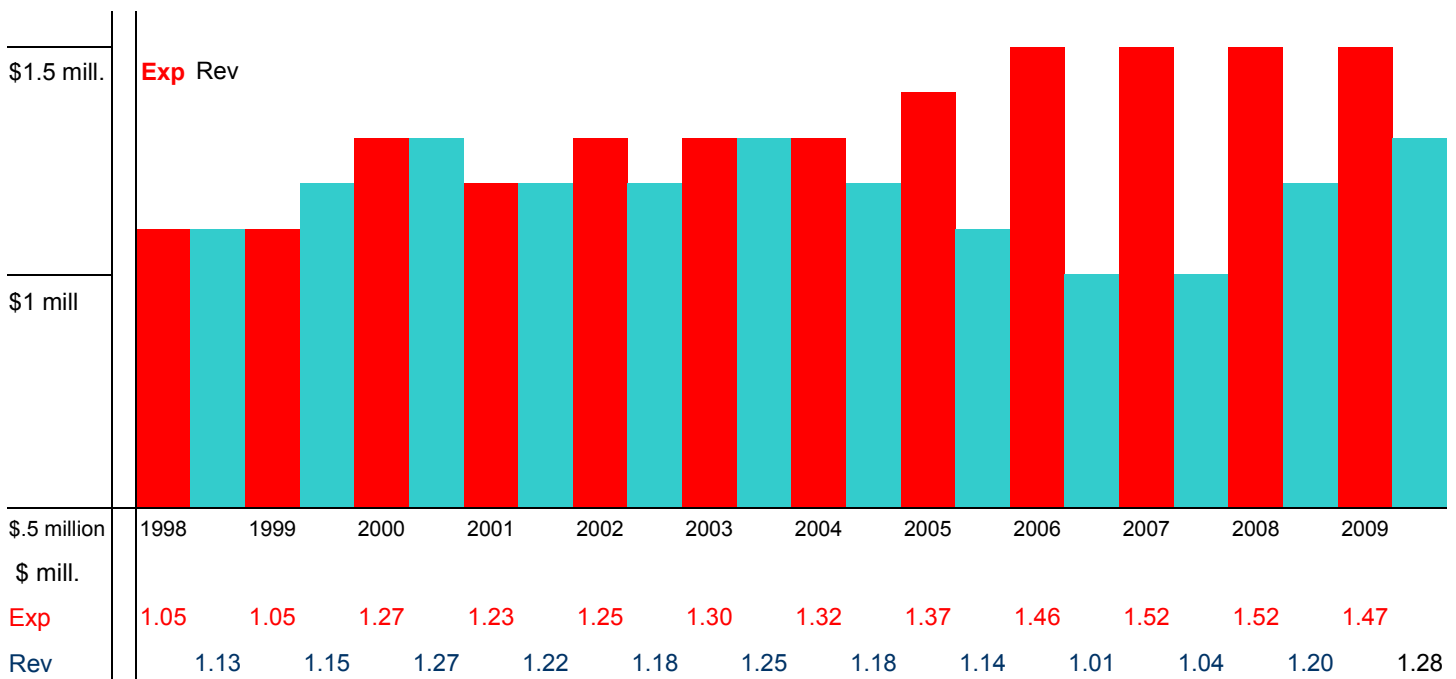
The golf season was particularly vibrant in rounds played and revenue until October. The entire month was lost due to cold and rain. We had matched our expectations in rounds played and October would have been rounds of growth. So rounds ended flat with 2008.

2009 Actions

In 2009, we raised the Patron fee (from \$125 to \$195) to equate to 25 rounds of golf or the cost of a 2009 Single Adult pass (\$520) which was the Senior rate in 2008.

All other membership fees were discounted for a “Early Bird” promotion in the fall of 2008. The 2009 rates were all raised in the spring of 2009 about \$25 each. These rates were all substantially lower than the 2008 rates.

	2008	2009
Family	\$1295	\$780
Adult	\$725	\$520
Young adult	\$420	\$350



2009 Opening

The chart shows a significant rise in net income for this season, \$80,000. That is attributable to new membership rates and 83% of the Fall “Early Bird” membership sale. The “Early Bird” membership sale provided \$340,640 and of that, \$282,731 was actually designated for the 2009 season. You will, also, note that expenses were down \$50,000 from the year earlier. We winterized our buildings, watched our labor, equipment maintenance, supplies and repairs to rein in spending.

New Hadley Creek

Hadley Creek Golf Learning Center is our 9 hole executive course and practice facility, home to The First Tee Program. TFT is focused on quality of character and life skills using golf and etiquette as the teaching vehicle. The practice range opened with the spring weather but the course opened in Mid May as turf matured. Our income goal of \$200,000 was highly speculative and we came in at 49% or \$98,084. This remains the sore spot in the golf division. Of our \$208M Golf division loss, Hadley was \$77M of that or 37% of the total loss. The facility needs to pull it's own weight.

2007—2009 Financial Summary

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operations loss	-\$475,666	-\$332,525	-\$208,620	\$0
Added Expense—Director w/ benefits		-\$ 64,680		
Loss/gain of revenue from Hadley Creek		-\$ 36,237	+\$98,084	
Expense from Hadley Creek		-\$ 36,593	-\$175,756	
Fall membership sale		+ \$ 57,909	+31,932	
Extension of Revolving Equipment life expectancy		+ \$ 90,157		
Increase in revenue with reduction in expenses over previous years		+ \$132,585	+\$169,645	

2009 Accomplishments

#1 Eastwood Golf Course has become our flagship. People do acknowledge and will pay for an upscale golf course. It has become very popular. We intend to continue to upgrade the facilities, however, we accomplished a lot in 2009; Replaced the roof shingles on the club house, added a 32 X 52 patio at the rear of the building, added drainage, cart paths, resided the golf car storage building, painted the club house inside and out and added a new front door. New flooring in the lower level has been installed this winter including VCT tile in the bathrooms and carpet in the Pro shop. An entry sign and bunker remodeling is in the future.

#2 Northern Hills Golf Course now has a new entry sign and a new 6th hole. Joe Fischer has begun installing a new irrigation system on the entire course. This project will take about 4 years as funding allows.

#3 Soldiers Field Golf Course is, also, installing a new irrigation system with emphasis on the pumping station. Tom St. George identified many savings areas including a new irrigation water source, energy savings in pumping water, and simplifying the pumping system. The course is taking on a club house beautification project that will create a better welcome to our guests.

#4 Our new contractual agreement with the Golf Pro/Managers has been renegotiated with the city sharing heavily (23%) in the golf car revenue. Their wages were reduced by \$7000 each, a 15% reduction.

#5 The concessionaires renegotiated their contracts with the city at a fixed rate rather than a percentage of gross revenue. Eastwood and Northern Hills concessions went to Charlie Brannon at twice the 2008 rate or \$9000 per facility.